

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Government of India and Asian Development Bank (ADB) sign \$48 Million Loan to improve Assam's Power Distribution System

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The Asian Development Bank (ADB) and the Government of India yesterday signed a \$48 million loan to help Assam state continue its drive to improve access to efficient and reliable power in the national capital.

This is the second tranche loan of the \$300 million multi tranche financing facility for the Assam Power Sector Investment Program that was approved by the ADB Board in July 2014. The project will help Assam to enhance capacity and efficiency of its power distribution system to improve electricity service to end users. The first tranche loan of \$50 million was signed in February 2015.

"Increased access to reliable and modern power supply for remote communities can help meet growing demand. This loan will help strengthen the state's distribution system, improve energy efficiency and reduce technical and commercial losses," said Ms. M. Teresa Kho, Country Director of ADB's India Resident Mission, who signed the loan agreement on behalf of ADB.

"Given that a sustainable power supply is critical for facilitating growth and creating employment opportunities, this project will help Assam attract investment and tap its economic potential, in addition to reducing power outages," said Mr. Raj Kumar, Joint Secretary (Multilateral Institutions) in the Ministry of Finance, who signed the agreement for Government of India. Ms Z. Rahman Ahmed, Secretary (Power), Govt. of Assam, signed the loan agreement on behalf of the state government along with Mr. P. Gupta, MD, Assam Power Distribution Company Limited (APDCL).



The project, which is expected to be completed by December 2019, will help APDCL add an additional substation capacity, expand and improve medium voltage network, reduce system losses by 3% and enhance energy efficiency through renovation and modernization of existing 33/11 kV substations. Part of the loan will be used to strengthen institutional capacity of APDCL through setting up independent meter testing laboratories, load dispatch centers and installing centralized uniform billing system to 1.2 million customers.

The loan of \$48 million from ADB's ordinary capital resources makes up to 80% of the total project cost of almost \$60 million, with the Government of Assam providing counterpart finance of \$12 million. The loan has a 25-year term, including a five-year grace period with an annual interest rate determined in accordance with ADB's LIBOR-based lending facility.
